

Message Text

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ACTION EA-09

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R 090322Z SEP 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 3072

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E.O. 11652: N/A

TAGS: ECON, TH

SUBJ: AMERICAN CHAMBER OF COMMERCE PRESIDENT CRITICIZES THAI
GOVERNMENT FOR INDECISIVENESS, POOR INVESTMENT CLIMATE

SUMMARY: IN RECENT ISSUE OF AMCHAM'S JOURNAL, RELEASED
LAST WEEKEND, CHAMBER PRESIDENT SEVERELY CRITICIZED CURRENT
GOVERNMENT FOR LACK OF DECISIVENESS AND FOR NOT USING TOOLS AT
ITS COMMAND TO IMPROVE INVESTMENT CLIMATE, RESULTING IN
FRUSTRATION FOR THE LOCAL BUSINESS COMMUNITY. AT SAME TIME,
ARTICLE GIVES RTG OFFICIALS CREDIT FOR THEIR CATEGORICAL
ASSURANCES THAT GOVT WILL NOT NATIONALIZE OR COMPETE WITH
PRIVATE INDUSTRY, AND FOR WILLINGNESS TO LISTEN TO THE
PRIVATE SECTOR. NATION NEWSPAPER HAS USED ARTICLE TO MAKE
ITS OWN POLITICAL POINTS, GIVING IT FRONT-PAGE COVERAGE,
EMPHASIZING CRITICAL STATEMENTS AND IGNORING MORE POSITIVE ONES.
REACTION IN BUSINESS COMMUNITY SEEMS MAINLY FAVORABLE,
BUT SOME CRITICISM MAY BE EXPECTED FROM RTG SIDE.
END SUMMARY.

1. NATION NEWSPAPER ON SEPTEMBER 5 FEATURED FRONT PAGE
ARTICLE HEADED, QUOTE TIME IS RUNNING OUT -- U.S. CHAMBER
HITS OUT AT GOVERNMENT END QUOTE. ARTICLE QUOTES EXTENSIVELY
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BUT SELECTIVELY FROM ARTICLE WRITTEN BY AMCHAM PRESIDENT JAMES

ROONEY IN THE JULY-AUGUST ISSUE OF THE CHAMBER'S BI-MONTHLY JOURNAL, THAI-AMERICAN BUSINESS, WHICH WAS RELEASED THIS WEEKEND. ARTICLE WAS ALSO PICKED UP BY UP WIRE SERVICE.

2. MAIN THRUST OF ROONEY'S ARTICLE IS THAT WHEN PRESENT GOVERNMENT TOOK OFFICE WITH A STRONG MAJORITY, BUSINESSMEN IN GENERAL SAW A POTENTIAL FOR POSITIVE AND DECISIVE ACTION, AND EXPECTATIONS WERE HIGH THAT ALL COMPONENTS WERE IN PLACE TO TAKE A FIRM HOLD ON THE ECONOMY, BUT THAT BUSINESS HAS NOT SEEN EVIDENCE OF THE QUOTE WILLINGNESS TO EXERT THE STRONG LEADERSHIP WHICH IS SO DESPERATELY NEEDED UNQUOTE. AS A RESULT THE EARLIER CAUTIOUS OPTIMISM HAS BEEN REPLACED BY AN ATTITUDE TOWARD INVESTMENT THAT HAS BECOME QUOTE MARKEDLY MORE PESSIMISTIC UNQUOTE. ROONEY WROTE OF A SENSE OF FRUSTRATION IN BUSINESSMEN'S ATTITUDES, OF QUOTE UNEVEN, SPORADIC AND IRREGULAR ENFORCEMENT OF EXISTING REGULATIONS UNQUOTE, OF QUOTE LACK OF DECISIVENESS UNQUOTE.

3. ON THE POSITIVE SIDE (BUT NOT REPORTED BY THE NATION) ROONEY ALSO WROTE: QUOTE LET US TURN THE COIN OVER AND LOOK AT THE OTHER SIDE. WE HAVE HEARD RECENT STATEMENTS FROM CABINET MINISTERS AND GOVERNMENT OFFICIALS STATING THE NEED FOR NEW INVESTMENT, CATEGORICALLY DECLARING THAT THE GOVERNMENT WILL NEITHER NATIONALIZE PRIVATE BUSINESS NOR COMPETE WITH THE PRIVATE SECTOR, EMPHASIZING THE WILLINGNESS TO LISTEN TO THE PRIVATE SECTOR, AND PRIMISING POSITIVE ACTION TO ALLEVIATE CURRENT PROBLEMS. WE CAN ALSO NOTE A MUTUAL ACCEPTANCE OF THE BASIC PROBLEMS AND THE ESTABLISHMENT OF VEHICLES FOR CHANGE. WE MUST ACKNOWLEDGE THESE STATEMENTS AS POSITIVE AND ACT CONSTRUCTIVELY WHENEVER POSSIBLE TO SUPPORT SUCH ACTION. UNQUOTE

4. NATION ON SEPTEMBER 7 FOLLOWED UP ARTICLE WITH ITS OWN EDITORIAL, WHOLEHEARTEDLY SUPPORTING ROONEY'S REPORTED STATEMENTS. EDITORIAL CLOSED BY MAKING ITS OWN POLITICAL POINTS: QUOTE FOR ALL THIS THE DEMOCRAT PARTY, WHICH IS THE LEADER OF THE COALITION, SHOULD BE BLAMED IT MUST BE STRONGLY QUESTIONED WHETHER THE DEMOCRAT PARTY ... IS CAPABLE OF LEADING THE GOVERNMENT TO TACKLE THE AFFAIRS OF THIS COUNTRY BEFORE THEY BECOME A SHAMBLES ... IF THE LIMITED OFFICIAL USE

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DEMOCRAT PARTY IS INCAPABLE OF A POSITIVE LINE OF ACTION FOR THE COUNTRY'S BENEFIT, IT WOULD HAVE FORFEITED ITS RIGHT TO GOVERN. UNQUOTE

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5. ACCORDING TO ROONEY, IN CONVERSATION WITH EMBASSY OFFICER, PUBLIC REACTION TO THE NATION ARTICLE RECEIVED SO FAR HAS BEEN ALMOST ENTIRELY POSITIVE. HE SAID A TYPICAL COMMENT CAME FROM EXECUTIVE VICE PRESIDENT OF THE BANGKOK BANK, WHO SAID THE ONLY THING WRONG WITH ROONEY'S STATEMENTS WAS THAT QUOTE THEY SHOULD HAVE BEEN MADE EARLIER, THEY SHOULD HAVE BEEN STRONGER, AND THEY SHOULD HAVE BEEN SAID OFTEN. UNQUOTE ROONEY SAID THE ONLY NEGATIVE COMMENT RECEIVED SO FAR HAD COME FROM THE THAI PRESIDENT OF THE THAI-GERMAN CHAMBER OF COMMERCE WHO PREDICTED THAT THE RTG WOULD BE VERY TOUCHY AS A RESULT OF THE ARTICLE. HE SAID EVEN SOME GOVERNMENT OFFICIALS HAVE

EDITED FAVORABLY ALTHOUGH HE ANTICIPATED SOME FLAK FROM ONE OR TWO INCLUDING THE GOVERNOR OF THE CENTRAL BANK. HE INTENDS TO SEND THE LATTER COPIES OF THE COMPLETE ARTICLE.

6. IN SEPARATE CONVERSATION WITH EMBOFF, HOWEVER, RESIDENT REPRESENTATIVE OF U.S. BANKING FIRM, EXPRESSED CONSIDERABLE UNEASE OVER ROONEY'S ARTICLE, WONDERED ABOUT THE PROPRIETY OF U.S. CHAMBER PUBLICLY ATTACKING HOST GOVERNMENT'S POLICIES AND THUS PROVIDING FREE AMMUNITION FOR OPPOSITION POLITICAL PARTIES TO USE IN FREE-WHEELING POLITICAL ENVIRONMENT THAT
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EXISTS HERE.

7. EMBASSY COMMENTS ROONEY'S EXPRESSED VIEWS, ESPECIALLY IN THE MORE BALANCED CONTEXT OF THE COMPLETE ARTICLE, UNDOUBTEDLY REFLECT QUITE ACCURATELY THOSE OF MANY, PERHAPS MOST, MEMBERS OF LOCAL BUSINESS IOMMUNITY, ALTHOUGH THERE ARE ALSO MANY WHO SEEM NOT NEARLY SO PESSIMISTIC. FOR EXAMPLE, AT AMERICAN CHAMBER BREAKFAST BRIEFING FOR VISITING U.S. TRADE MISSION LAST WEEK, LOCAL CITIBANK REP TOLD VISITORS THEY SHOULD HAVE NO TROUBLE FINDING LOCAL FINANCING OF UP TO FIVE, OR IN SOME CASES SEVEN, YEARS, WHETHER FROM U.S. OR THAI BANKS OR LOCAL FINANCE COMPANIES. (ROONEY, WHO WAS PRESE T AT BRIEFI G AND WHO FORMERLY HEADED CITIBANK'S OPERATIONS HERE, DID NOT DISAGREE.) ALSO LAST WEEK, LOCAL CONTINENTAL ILLINOIS BANK REP HTSTED A LUNCHEON FOR A GROUP OF LOCAL AMERICAN BUSINESSMEN FEATURING A SPEECH BY A VISITING CONTINENTAL ECONOMIST. DURI G Q AND A SESSION AFTER THE SPEEIH, LOCAL REP WAS ASKED FOR HIS VIEWS ABOUT THAILAND'S FUTURE. HE REPLIED THAT HE EXPECTED CONTINUED UNCERTAINTY IN THE NEAR FUTURE, BUT HE AND HIS BANK WERE OPTIMISTIC FOR THE LONG RUN; HE SAID HE THOUGHT THE MAJORITY OF AMERICAN BANKERS IN THAILAND WOULD SHARE HIS VIEWS.

8. ALTHOUGH ROONEY WAS INDEED QUITE FORCESULLY CRITICAL OF PRESENT GOVERNMENT'S INACTIVITY, IT IS ALSO CLEAR THAT NATION USED THE ARTICLE AS A MEANS OF MAKING ITS OWN POLITICAL HAY. (NATION'S CHAIRMAN, PHAIROT CHAYAPORN, IS ONE OF FOUNDERS OF OPPOSITION SOCIAL ACTION PARTY; HE IS ALSO, INCIDENTALLY, AN EXECUTIVE DIRECTOR OF ROONEY'S OWN FINANCIAL CONSULTANT COMPANY, BUT WE HAVE NO INDICATION THAT THE TWO CONSULTED PRIOR TO THE NATION'S REPORTING OF THE ARTICLE.) ROONEY SAYS THAT HIS STANDARD LINE WHEN ASKED ABOUT NATION REPORT IS THAT IT WAS INCOMPLETE AND SLANTED, AND THAT HIS A ARTICLE DID NOT WARRANT FRONT-PAGE COVERAGE.

9. IN ANY EVENT, IN AFTERMATH OF ARTICLE'S APPEARANCE ROONEY AND CHAMBER UNLIKELY TO BE ANY MORE POPULAR WITH SENI GOVERNMENT THAN SIMILAR FOREIGN BODY IN U.S. WOULD BE AFTER LAUNCHING PUBLIC ATTACK ON POLICIES AND PERFORMANCE OF AN INCUMBENT ADMINISTRATION. BURKE

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